

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4869-01
Bill No.: HCR 24
Subject: Agriculture and Animals Bonds - General Obligation and Revenue Education,
Higher General Assembly
Type: Original
Date: March 20, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$0 to \$218,898)	(\$0 to \$221,280)	(\$0 to \$221,604)
Total Estimated Net Effect on <u>All</u> State Funds* Net Effect on <u>All</u> State Funds	(\$0 to \$218,898)	(\$0 to \$221,280)	(\$0 to \$221,604)

***Does not include one-time costs of \$150,000 per issue. Date and frequency of issues is unknown at this time.**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Office of the State Treasurer** and **Department of Agriculture** assume the proposal will have no fiscal impact on their organizations.

Officials with **Southwest Missouri State University** assume it will have a positive impact on the SMSU School of Agriculture Sciences by creating a center that will serve as a laboratory and field experience classroom for the study of livestock management, equine studies, horticulture and agronomy.

Officials with the **Office of Administration (OA)** assume the proposal will authorize the issuance of \$2,604,360 in revenue bonds. Fiscal impact has been based on the assumptions that the full amount would be issued immediately, that the bonds would be repaid with level debt service over 20 years, and that the bonds would pay a 7% rate of interest.

Oversight notes that a 5.5% rate of interest is likely higher than the current market would require. Oversight estimates that bonds of this maturity would currently require a yield of approximately 5.5%; at this rate, level debt service would approximate \$206,570 annually. **The required yield could vary depending on the actual market conditions at the time of issuance.**

Officials with **OA** place one-time costs per issue at approximately \$150,000, plus personal services of existing staff. Officials estimate personal service costs at \$37,673 in FY 2003. **Oversight** assumes that the one-time personal service costs would be performed by existing staff, with no increased to OA for these services.

OA officials also indicate the proposal will require .25 Executive Assistant to initiate general revenue transfers to the appropriate debt service funds, reconcile all paying agent transactions for principal and interest, and monitor all fees due the paying agent. Total costs for this position including salary, fringe benefits, and equipment & expense would be \$10,328 in FY 2003; \$12,710 in FY 2004; and \$13,034 in FY 2005. Paying agent fees are expected to approximate \$2,000 annually.

FISCAL IMPACT - State Government

FY 2003
(10 Mo.)

FY 2004

FY 2005

General Revenue

VL:LR:OD (12/00)

Costs - OA

Debt Service	(\$0 to \$206,570)	(\$0 to \$206,570)	(\$0 to \$206,570)
Paying Agent Fees	(\$0 to \$2,000)	(\$0 to \$2,000)	(\$0 to \$2,000)
Personal Agent Fees	(\$0 to \$6,965)	(\$0 to \$8,567)	(\$0 to \$8,781)
Fringe Benefits	(\$0 to \$2,321)	(\$0 to \$2,855)	(\$0 to \$2,927)
Expense & Equipment	(\$0 to \$1,042)	(\$0 to \$1,288)	(\$0 to \$1,326)

ESTIMATED NET EFFECT TO GENERAL REVENUE*	<u>(\$0 to \$218,898)</u>	<u>(\$0 to \$221,280)</u>	<u>(\$0 to \$221,604)</u>
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***Does not include one-time costs of \$150,000 per issue. Date and frequency of issues is unknown at this time.**

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

Relating to approval of a project for an agricultural research and demonstration project and related buildings and facilities for the Springfield campus of Southwest Missouri State University funded in part by revenue bonds secured by a pledge of future appropriations of the General Assembly.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

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Department of Agriculture
Southwest Missouri State University
State Treasurer's Office
Office of Administration

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Acting Director
March 20, 2002